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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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The Honorable Warren G. Magnuson  
Chairman, Committee on Commerce S 02300  
United States Senate

R Dear Mr. Chairman:

Your letter of August 21, 1972, requested us to report quarterly to your Committee on the extent of use of foreign-flag air carriers for both direct and indirect Government-supported travel of passengers and cargo. The request was based on a belief that the amount of Government-supported travel being diverted to foreign airlines was of sufficient magnitude to require immediate remedial action by all Government agencies concerned.

In discussions with your office, we agreed that, because of the difficulty in identifying indirect supported use of foreign carriers--where contractors and other personnel used foreign carriers and the Government eventually bore the costs--we would analyze only payments made directly by Government agencies. We further agreed that our analysis would cover payments made in a 1-month period for transportation procured by Government Transportation Requests (GTRs) and bills of lading. We understand the Committee will reconsider its request for quarterly reports after reviewing this report.

Using prescribed statistical-sampling techniques, we reviewed payments made to air carriers during July 1972 for Government-sponsored passengers and cargo. Although we found foreign air carriers had been used, such use appeared justified in most cases because U.S.-flag air service was infrequent or unavailable.

USE OF FOREIGN CARRIERS--  
PASSENGER TRAVEL

Our examination of GTRs showed that during July 1972 air carriers were paid about \$30 million for about 171,000 GTRs issued for domestic and international passenger transportation.

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Approximately \$5.9 million of this amount--representing about 14,500 GTRs--covered international travel.

We estimate that about 19 percent of the total charges for international passenger travel, or about \$1.1 million, was paid to foreign air carriers and that about 36 percent of the travelers used foreign air carriers for some portion of their trips. To determine whether travel by foreign carriers was justified, we compared each trip segment with schedules in the Official Airline Guide to see if U.S.-flag service was available. In more than 90 percent of the cases, U.S.-flag service either was not available or was so infrequent (once a week) that it appeared doubtful it would have met the travelers' needs. This 90 percent represented about \$1 million of the total amount paid to foreign carriers. In the remaining cases, although U.S.-flag service was available, we cannot be certain that space was available at the time of travel and that it would have met the travelers' requirements.

#### USE OF FOREIGN CARRIERS--FREIGHT

Our analysis of freight traffic consisted of examining payments made during July 1972 directly to air carriers and to air freight forwarders and forwarders of unaccompanied baggage. The latter two are common carriers which use air carriers' services.

We estimate that about \$786,000 was paid directly to air carriers for about 9,000 international freight shipments. Of the 9,000 shipments, about 38 percent involved some use of foreign air carriers. Schedules in the Official Airline Guide showed that, as in the case of passenger travel, U.S.-flag service either was not available or was very infrequent. The use of foreign carriers appeared justified.

We estimated that the Government paid air freight forwarders about \$124,000 for transporting 1,320 shipments. At least 48 percent involved some use of foreign air carriers. Here again, the use of foreign air carriers appeared justified in over 92 percent of the cases because of the lack or infrequency of U.S.-flag service.

Forwarders of unaccompanied baggage were paid over \$802,000 for handling about 4,200 international baggage shipments. All shipments were for the Department of Defense (DOD). DOD regulations require the forwarders to request permission before using foreign carriers for baggage shipments and to submit justification certificates whenever foreign carriers are used. DOD personnel informed us that no justification certificates were received for the period covered by our analysis. Thus we conclude that U.S. carriers moved all unaccompanied baggage.

#### LIMITATIONS ON OUR ANALYSIS

We based our analysis on the routing shown on the GTRs and shipping documents. We believe that the test results fairly measure the Government's use of foreign air carriers, but there may be some actual use that was not included in our analysis. For example, changes in routing or in carriers after initial ticketing could not have been detected. We also could not determine any transportation paid for in cash by travelers (such as Peace Corps volunteers whose tours of duty terminated overseas) or travel by Government contractor employees.

However, DOD personnel, who made up more than 80 percent of the international travelers in our sample, traveled whenever possible at the reduced fares (Category Z) available only to DOD on U.S. carriers. Because foreign carriers do not offer these reduced fares, it is unlikely that any significant diversion from U.S. to foreign carriers would occur among these travelers.

#### REGULATIONS ON USE OF FOREIGN AIR CARRIERS

Government agencies are operating under travel regulations which are consistent with Concurrent Resolution 53, 18th Congress, October 1, 1962. This resolution clearly expressed the Congress' intent that preference be given U.S. carriers for Government-paid travel.

The Standardized Government Travel Regulations, which have Government-wide application, require the use of U.S. carriers wherever feasible. In addition, many agencies, including DOD and the Department of State, which accounted for more than 90 percent of the international travelers during our test period, have published their own regulations.

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✓ Although Government agencies are required to follow these regulations, Government contractors are not. However, officials of DOD, the General Services Administration, and the Office of Management and Budget are considering including such a requirement in Government procurement regulations.

We trust this information is satisfactory. We will be glad to discuss this matter in detail with you or your staff members.

Sincerely yours,



Comptroller General  
of the United States